

Utah State Tax Commission
210 N 1950 W, Salt Lake City, UT 84134
(801) 297-2200 or 1-800-662-4335 - tax.utah.gov

Utah S Corporation Franchise or Income Tax Return

2006
TC-20S
Rev. 12/06

9999

This return is for the calendar year ending Dec. 31, 2006, or fiscal year beginning _____ and ending _____.

☐ FOR AMENDED RETURN - ENTER CODE (1-4) from page 3

☐ Enter "X" if you filed federal form 8886

Check box(es) if this is a new address: <input type="checkbox"/> Physical address <input type="checkbox"/> Mailing address	Corporation name Quality Management Incorporated			Employer Identification Number 864297531
	Address 123 Business Way			Utah Incorporation/Qualification Number 60000000946
	Suite 201			Telephone Number (801) 123-4567
	City Foreign City	State ON	Zip code M4H1J4	Foreign country (if not U.S.) Canada

NOTE: Attach a complete federal 1120S including schedule K-1 for all shareholders. If all shareholders are Utah residents, and there are no corporate built-in gains or other gains to report under UC §59-7-701, Schedules A through N are not required.

☒ Check box if this is the first return as an S corporation. If so, attach the IRS "Notice of Acceptance as an S Corporation" designation letter and provide the effective date. Effective date: 01 / 01 / 06
MMDDYYYY

	Resident	Nonresident IRC 501 Exempt	Nonresident Taxable	Total
1. (a) Number of shares			100	100
(b) Percentage of shares	%	%	100.0 %	100%

2. Check if this corporation conducted any Utah business activity during the taxable year ☐

3. Has this S corporation made an election to treat one or more subsidiaries as a Qualified Subchapter S Subsidiary? ☒
Include on Schedule M each Qualified Subchapter S Subsidiary doing business, incorporated or qualified in Utah.

4. Refund - (from Schedule A, line 19)	4	2,176	00
5. Tax Due - (from Schedule A, line 20)	5		00
6. Total the penalties and interest listed below and enter on this line	6	655	00

Extension penalty \$ 100.00 Late filing penalty \$ 300.00
Late payment penalty \$ 200.00 Interest \$ 55.00

7. Utah Use Tax, if \$400 or less (see instructions)	7	500	00
8. Total Refund - (Subtract lines 6 and 7 from line 4)	8	1,021	00
9. Total Tax Due - (Add lines 5, 6 and 7) Make check payable to: UTAH STATE TAX COMMISSION	9		00

Check the box for each schedule attached. Arrange in order behind this form.

<input checked="" type="checkbox"/> Schedule A	<input checked="" type="checkbox"/> Schedule E	<input type="checkbox"/> Schedule H
<input checked="" type="checkbox"/> Schedule J	<input checked="" type="checkbox"/> Schedule M	<input checked="" type="checkbox"/> Schedule N

Under penalties of perjury, I declare to the best of my knowledge and belief, this return and accompanying schedules are true, correct and complete.

Paid Preparer's Section	Signature of officer HERE Jim Doe	Title Vice Pres.	Date signed 01-01-07	<input checked="" type="checkbox"/> Check here if the Tax Commission may discuss this return with the preparer shown below (see page 5)
	Preparer's signature John Smith	Date signed 01-02-07	Preparer's Social Security no. or PTIN P99666333	
	Firm's name (or yourself if self-employed) Smith Accounting Services	Preparer's telephone no. (406) 123-4567	Preparer's EIN 594613852	
	Preparer's complete address (street, city, state, ZIP) 999 Corporate Drive, Foreign City, M4H1J4 Canada			

Supplemental Information To Be Supplied By All S Corporations

1. ☒ Yes ☐ No Does this S corporation own more than 50 percent of the voting stock of another corporation?

If yes, provide the following information for each corporation so owned (attach additional sheets, if necessary):

Employer Identification Number 654852321	Is this corporation doing business in Utah? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Corporation name Lofty Services Inc.	Percent of stock ownership at end of tax year 75.0
Merger Date (only if during period) ____/____/____ mm dd yy		Filing Period (only when different from S Corp.) ____/____/____ to ____/____/____ mm dd yy	
Employer Identification Number	Is this corporation doing business in Utah? <input type="checkbox"/> Yes <input type="checkbox"/> No	Corporation name	Percent of stock ownership at end of tax year
Merger Date (only if during period) ____/____/____ mm dd yy		Filing Period (only when different from S Corp.) ____/____/____ to ____/____/____ mm dd yy	
Employer Identification Number	Is this corporation doing business in Utah? <input type="checkbox"/> Yes <input type="checkbox"/> No	Corporation name	Percent of stock ownership at end of tax year
Merger Date (only if during period) ____/____/____ mm dd yy		Filing Period (only when different from S Corp.) ____/____/____ to ____/____/____ mm dd yy	
Employer Identification Number	Is this corporation doing business in Utah? <input type="checkbox"/> Yes <input type="checkbox"/> No	Corporation name	Percent of stock ownership at end of tax year
Merger Date (only if during period) ____/____/____ mm dd yy		Filing Period (only when different from S Corp.) ____/____/____ to ____/____/____ mm dd yy	

2. Where are the corporate books and records maintained?

123 Business Way, Suite 201, Foreign City, ON M4H1J4, Canada

3. What is the state of commercial domicile?

Ontario

4. What is the last year for which a federal examination has been completed? 1999

Under separate cover, send a summary and supporting schedules for all federal adjustments and the federal tax liability for each year for which federal audit adjustments have not been reported to the Tax Commission and indicate date of final determination. Forward information to Auditing Division, Utah State Tax Commission, 210 North 1950 West, Salt Lake City, UT 84134-2000.

5. For what years are federal examinations now in progress, or a final determination of past examinations still pending?

2000, 2001

6. For what years have extensions for proposing additional assessments of federal tax been agreed to with the Internal Revenue Service?

2002

NOTE: An automatic extension of the Statute of Limitations relating to assessment of tax is provided by UC §59-7-519 for failure to report fully the information required.

20S062

Schedule A - Computation of Utah Net Taxable Income and Tax Due

Corporation Name

Taxable Year Ending

Employer Identification Number

Quality Management Incorporated

12/31/06

864297531

1. Federal income/loss from form 1120S, Schedule K, line 18	1	10,265,368	00
2. Gain/Loss on Sec. 179 expense deduction passed through to shareholders from all federal Sch. K-1s, line 17	2	-100,000	00
3. Charitable contributions deducted on federal form 1120S, Schedule K, line 12a.....	3		00
4. Total foreign taxes deducted on federal form 1120S, Schedule K, line 14I	4		00
5. Net Income:			
a. Total income before nonbusiness income (add lines 1 through 4)	5a	10,165,368	00
b. Nonresident income (line 5a multiplied by nonresident taxable percentage on form TC-20S, line 1(b))	5b	10,165,368	00
6. Nonbusiness income allocation:			
a. Allocated to Utah: \$ (from Schedule H, line 13) multiplied by nonresident taxable percentage on TC-20S, line 1(b)	6a		00
b. Allocated outside Utah: \$ (from Schedule H, line 26) multiplied by nonresident taxable percentage on TC-20S, line 1(b).....	6b		00
Nonbusiness income total (add lines 6a and 6b)	6		00
7. Net income subject to apportionment (subtract line 6 from line 5b)	7	10,165,368	00
8. Apportionment fraction (enter 1.000000, or Schedule J, line 8 or line 12, if applicable)	8	.048813	
9. Net income apportioned to Utah (line 7 multiplied by line 8)	9	496,197	00
10. Nonbusiness income allocated to Utah (amount from line 6a).....	10		00
11. Utah Taxable Income/Loss (add lines 9 and 10).....	11	496,197	00
12. Deduction amount - 15% (multiply line 11 by .15; do not enter an amount less than zero)	12	74,430	00
13. Net Taxable Income (subtract line 12 from line 11)	13	421,767	00
14. Tax rate	14	.0698	
15. Calculation of tax (see instructions)			
a. Line 13 multiplied by line 14	15a	29,439	00
b. Built-in and other gains	15b	1,085	00
c. Amended Returns Only (previous refunds)	15c	500	00
Tax amount (add lines 15a through 15c)	15	31,024	00
16. Refundable Credits and Previous Payments for Amended Returns			
16a • CODE 40 6,500 00	16b • CODE 47 4,500 00	16c • CODE 48 11,500 00	
16d. Prepayments (from line 4, Schedule E below)	16d •	10,500	00
16e. Amended Returns Only (previous payments)	16e	1,200	00
Total (add lines 16a through 16e)	16	34,200	00
17. Overpayment - if line 16 is larger than line 15, subtract line 15 from line 16	17	3,176	00
18. Amount of overpayment to be applied as prepayment for next taxable year	18	1,000	00
19. Refund (subtract line 18 from line 17) Enter here and on form TC-20S, line 4	19	2,176	00
20. Tax Due - if line 15 is larger than line 16, subtract line 16 from line 15. Enter here and on form TC-20S, line 5	20		00

Schedule E - Prepayments of Any Type - Enter the total from line 4 below on line 16d above.

1. Overpayment applied from prior year	1	500	00
2. Extension prepayment Date 03/01/06 Check number 1050	2	10,000	00
3. Other prepayments (attach additional pages if necessary)			
a. Date _____ Check number _____	3a		00
b. Date _____ Check number _____	3b		00
c. Date _____ Check number _____	3c		00
d. Date _____ Check number _____	3d		00
Total of other prepayments (add lines 3a through 3d)	3	0	00
4. Total prepayments (add lines 1, 2 and 3) Enter here and on Schedule A, line 16d	4	10,500	00

Schedule J - Apportionment ScheduleTC-20 J, Rev. 12/06
(for use with TC-20, TC-20S, TC-20REIT & TC-20UBI)

Corporation Name Quality Management Incorporated	Taxable Year Ending 12/31/06	Employer Identification Number 864297531
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NOTE: Use this schedule only if income is taxable in another state and should be apportioned to Utah.
Use this schedule with Utah corporate forms TC-20, TC-20S, TC-20REIT and TC-20UBI.

Describe briefly the nature and location(s) of your Utah business activities:

We do quality work in Salt Lake City

APPORTIONABLE INCOME FACTORS		Inside Utah Column A	Inside and Outside Utah Column B
1. Property Factor			
a. Land.....	1a	700,000 00	1,368,053 00
b. Depreciable assets.....	1b	00	2,300,994 00
c. Inventory and supplies.....	1c	5,000 00	30,000 00
d. Rented property.....	1d	3,000 00	10,000 00
e. Other tangible property.....	1e	697 00	1,000 00
f. Total tangible property (total lines 1a through 1e).....	1f	708,697 00	3,710,047 00
2. Property factor (decimal) — line 1f, column A divided by line 1f, column B.....		2	0.191021
3. Payroll Factor			
a. Total wages, salaries, commissions and other compensation.....	3a	00	12,529 00
4. Payroll factor (decimal) — line 3a, column A divided by line 3a, column B.....		4	0.000000
5. Sales Factor			
a. Sales (gross receipts less returns and allowances).....	5a	9,408,313 00	
b. Sales delivered or shipped to Utah purchasers from outside Utah.....	5b	1,000 00	
c. Sales delivered or shipped to Utah purchasers from within Utah.....	5c	2,000 00	
d. Sales shipped from Utah to the United States government.....	5d	3,000 00	
e. Sales shipped from Utah to purchasers in a state(s) where the taxpayer has no nexus (the corporation is not taxable in the state of purchaser).....	5e	4,000 00	
f. Rent and royalty income.....	5f	00	00
g. Service income (attach schedule).....	5g	10,000 00	50,000 00
h. Total sales and services (total lines 5a through 5g).....	5h	20,000 00	9,458,313 00
6. Sales factor (decimal) — line 5h, column A divided by line 5h, column B.....		6	0.002115

EQUALLY-WEIGHTED THREE FACTOR FORMULA

Corporations not making the election to double-weight the sales factor must complete lines 7 and 8.

7. Add lines 2, 4 and 6.....	7	0.193136
8. Calculate the Apportionment Fraction to SIX DECIMALS (line 7 divided by 3 or the number of factors present).....	8	0.064379

DOUBLE-WEIGHTED SALES FACTOR ELECTION — If elected, this option is effective and irrevocable for five years.

Corporations electing to double-weight the sales factor must complete lines 9 through 12.

9. Enter "X" in the box if the election is made to double-weight the sales factor.....	9	<input checked="" type="checkbox"/>
10. Doubled sales factor — amount from line 6 times 2.....	10	0.004230
11. Add lines 2, 4 and 10.....	11	0.195251
12. Calculate the Elected Apportionment Fraction to SIX DECIMALS (line 11 divided by 4 or the number of factors present, counting the sales factor twice).....	12	0.048813

Enter the amount from line 8 (or line 12 if the Double-Weighted Sales Factor Election is selected) as follows:

TC-20 filers - enter on TC-20, Schedule A, line 9

TC-20S filers - enter on TC-20S, Schedule A, line 4

TC-20REIT filers - enter on TC-20REIT, line 4

TC-20UBI filers - enter on TC-20UBI, line 2

Corporation Name Quality Management Incorporated	Taxable Year Ending 12/31/06	Employer Identification Number 864297531
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1. List only corporations incorporated, qualified or doing business in Utah on this form.
2. Federal schedules are not acceptable as a substitute, since they may include corporations excluded from reporting in Utah.
3. Corporations required to file in Utah not listed on this form will not be considered to have met the Utah filing requirement.

[illegible]

Schedule N - Tax Remittance and Credit InformationTC-20S N
Rev. 12/06

Corporation Name	Taxable Year Ending	Employer Identification Number
Quality Management Incorporated	12/31/06	864297531

Instructions: S corporations making income tax payments on behalf of nonresident shareholders must complete Part 1.

Part 1 Utah Income Tax Paid for Nonresident Shareholders

S corporations must list below each nonresident shareholder and the amount, if any, of Utah income tax is paid on behalf of the shareholder. The social security number (SSN) or employer identification number (EIN), corporate ownership percentage, and the amount of Utah tax paid on behalf of the shareholder must also be indicated for each nonresident shareholder.

This form may be copied to accommodate additional shareholders.

Shareholder	Social Security Number or Employer Identification Number	Percentage of Ownership	Utah Tax Paid on Behalf of Shareholder
Jim Doe	589-65-4123	80	23,551 00
Dawn Doe Trust	527-31-6489	10	2,944 00
Bob Jones Trust	523-64-5978	10	2,944 00
			00
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			00
Total (This amount should equal the amount on Schedule A, line 15a)			\$ 29,439 00

Part 2 Nonrefundable Tax Credits Allocated to Shareholders

S Corporations must allocate nonrefundable tax credits for each shareholder for which nonrefundable tax credits may be claimed on an income tax return.

Indicate the credit code (02-13) and the amount in the columns provided below for each shareholder.

- | | |
|---|---|
| 02 = Qualified sheltered workshop cash contribution credit | 08 = Low income housing tax credit (see instructions) |
| 03 = Renewable energy systems credit (form TC-40E) | 09 = Credit for employers who hire disabled (form TC-40HD) |
| 05 = Clean fuel vehicle tax credit (form TC-40V) | 10 = Recycling market development zone tax credit (form TC-40R) |
| 06 = Historic preservation tax credit (form TC-40H) | 12 = Credit for increasing research activities |
| 07 = Enterprise zone tax credit | 13 = Credit for machinery and equipment used to conduct research |

Shareholder	Credit Code 02		Credit Code 03		Credit Code 05		Credit Code 06		Credit Code 07		Total for each Shareholder	
Jim Doe	100	00	175	00	200	00	150	00	75	00	\$	00
Dawn Doe Trust	25	00	15	00	10	00	5	00	20	00	\$	00
Bob Jones Trust	100	00	50	00		00		00		00	\$	00
		00		00		00		00		00	\$	00
		00		00		00		00		00	\$	00
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		00		00		00		00		00	\$	00
Total amount for each credit code	\$ 225	00	\$ 240	00	\$ 210	00	\$ 155	00	\$ 95	00		

Part 2 Nonrefundable Tax Credits Allocated to Shareholders

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Indicate the credit code (02-13) and the amount in the columns provided below for each shareholder.

- | | |
|--|--|
| 02 = Qualified sheltered workshop cash contribution credit | 08 = Low income housing tax credit (see instructions) |
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| 05 = Clean fuel vehicle tax credit (form TC-40V) | 10 = Recycling market development zone tax credit (form TC-40R) |
| 06 = Historic preservation tax credit (form TC-40H) | 12 = Credit for increasing research activities |
| 07 = Enterprise zone tax credit | 13 = Credit for machinery and equipment used to conduct research |

Shareholder	Credit Code		Credit Code		Credit Code		Credit Code		Credit Code		Total for each Shareholder
	08		09		10		12		13		
Jim Doe	50	00	130	00	160	00	30	00	130	00	\$ 1,200 00
Dawn Doe Trust	12	00	17	00	9	00	20	00	17	00	\$ 150 00
Bob Jones Trust		00		00		00		00		00	\$ 150 00
		00		00		00		00		00	\$ 00 00
		00		00		00		00		00	\$ 00 00
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		00		00		00		00		00	\$ 00 00
		00		00		00		00		00	\$ 00 00
Total amount for each credit code	\$ 62	00	\$ 147	00	\$ 169	00	\$ 50	00	\$ 147	00	